

The unemployment hawks in the united states

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“ The Fed’s Unemployment Hawks” by Chris Isidore According to the article, it is the unemployment hawks in the United States, who are benefiting from the ongoing deliberations about the role of the Federal Reserve in stabilizing the US economy.

According to the Isidore (n. pag), the double mandate of the Federal Reserve in stabilizing prices and promoting maximum employment has triggered a hot debate among policy makers, as they discuss the best way forward to stabilize the economy. Amidst a slowing economy and high rates of unemployment, District Bank Presidents in the US are worried that the actions of Fed, of purchasing treasuries, would result in further inflation, and they need more action to be taken. Among the most vocal people is the Charles Evans, the Chicago Fed President, and John Williams, the San Francisco Fed President. According to Evans, the main focus of the Federal Reserve should be to reduce the persistent rising rates of unemployment in the US.

He added that Fed members should focus their energy on improving the labor market conditions. Williams also reiterated the sentiments of his counterpart, of more focus on job creation, and suggested that Fed should make the third round of Treasury purchases to ease the financial conditions.

“ Tax Hikes and Jobs: The whole Story” by Charles Riley According to Riley (n. pag), the United States Republicans are against the tax raises on the rich, arguing that it would put job creators in the US at risk. The author maintains that the Congress should keep the two leading tax rates of 33% and 35%, as opposed to the suggested rate 36% and 39. 6% by President Obama.

Riley argues that only a small number of small business owners will be affected by the tax raises, since numerous small businesses file their tax returns under the code of individual tax. The article says that if the raises on the two tax rates are effected, only 2.5%- 3.5% of small businesses will be affected. The article however disagrees with the notion that small businesses in the US are at the heart of job creation. It states that small businesses contribute just slightly more jobs than other companies in relation to their employment share.

In addition, tax cuts are not a good stimulus to revive the US economy. Therefore, according to the research done by the Congressional Research Service, modest tax cut increases, would impact positively on job creation and economic growth in the long term. “ Mortgage Help for Unemployed Disappears” by Tami Luhby This article states that only half of the initial one billion shilling program by the federal government to assist unemployed US citizens to pay their mortgage will end up in their hands. This is due to the stringent qualification criteria being used to select eligible candidates for the loan. According to the US Housing Department, only 10, 000 to 15, 000, out of the 100, 000 loan applicants are expected to qualify. Those who are lucky to qualify will receive an aid of between \$35, 000 and \$45, 000 (Luhby n. pag.). The program was adopted due to the success of a similar program in Pennsylvania, which has been of help to many people since 1973. The Pennsylvania program offered interest-free loans, as well as forgivable loans to those who lose at least 15% of their earnings due to medical or economic reasons. The requirements included the need for an applicant to be at least 90 days delinquent, the willingness to pay the loan upon getting a new job, <https://assignbuster.com/the-unemployment-hawks-in-the-united-states/>

or facing foreclosure. Qualified candidates received up to 24 months aid or \$50, 000 (Luhby n.

pag.) The US loan program has given high hopes to many people, who feel that they have been neglected by other federa initiatives for instance, the mortgage modifications. However, the strict selection criteria which take into account an individuals monthly income, payments, and arrears, have prevented numerous people from receiving the loans. According to the author, the program would have made a huge difference in the lives of numerous homeless people, but it does not meet the needs of the people. “ Don’t Expect a Euro Breakup ..

. yet” by Chris Isidore According to this article, a majority of economists are optimistic that the euro will survive the ongoing Europe’s debt crisis, without loosing any of its members. Countries facing high levels of debt crisis often resort to devaluation of their own currency, to help lower their debts. However, the author argues that the shared euro does not allow countries with struggling economies such as Greece, Italy, etc to turn to devaluation. Default rumors have led to people fearing that the eurozone might break apart. Economists however, say that the barriers to leaving the euro are too high, hence making it almost impossible for European member states to devaluate or exit UE.

For instance, if a country like Greece wants to opt out of the euro zone, it would take the unanimous vote of the entire EU for their exit to be possible. According to Isidore, there are low chances that any EU member will quit the euro zone soon (Isidore n. pag.). “ Unemployment Claims Fall to Lowest Level

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since April” by Annalyn Censky According to this article, unemployment benefit claims of Americans have fallen significantly for the past six months, indicating a slight development in the job market. The US Labor Department said that within a span of one week, the unemployment benefit claims reduced from 428, 000 to 391, 000 (Censky n.

pag.). The 37, 000 drop surpassed the expectation of many economists who had earlier predicted a fall of 9, 000. The government spokesperson, said that the calculation may have been impacted by seasonal adjustments. Economists are warning people against getting excited over the improvement since it is just a one-week data. While the unemployment rate still stands at 9.

1%, decrease in the number of unemployment claims have continued to be recorded. The most recent data indicated a decrease by 20, 000 in the week that ended on 17th September, this year. The author says that it is ironical that about three million jobs remain unfilled in the US, while fourteen million people are faced with unemployment. American employers attribute this largely on the lack of the right skills that are required for the jobs. “ Personal Income Falls as Spending Rises in August” by Laurie Segall and Aaron Smith This article reported that the personal incomes of Americans reduced in August this year when compared to July, yet their spending still increased.

Economists said that this drop in personal earning is the first time in the last two years, a move which could reduce the spending power of consumers, amidst the US economic crisis that badly requires a boost. The drop came at

a time when a 0.1% increase in personal incomes was expected. On the other hand, consumer spending was 0.8% in July and 0.

2% in August. According to Chris Christopher, an economist, many Americans do not have a choice other than to continue spending more, while saving less, due to the increased prices of goods and services, particularly, gasoline and goods (Segall and Smith n. pag.). He continues to say that, the increased cost of living comes at a time when the US is having a volatile economy, with high unemployment rate, as well as, depressed consumer confidence.

Consumer spending which contributes largely to the US economy is still struggling to recover from the recession. The economic meltdown and the volatile markets have significantly weighed on consumers and investors, thus holding back their spending. "U. S. to Decide the Keystone XL Pipeline's Fate" by Marina Landis According to the article, the heated debate which has been surrounding the proposed building of a pipeline (1700 miles) from the oil sands of Alberta in Canada to the Gulf of Mexico is nearly over.

What is remaining is for the US State Department to approve the commencement of the Keystone XL project based on whether it will benefit the United States of America. According to Landis (n. pag.), the decision lies with the US State Department, since the pipeline will cross the borders of America, and they are expected to come up with that decision prior to the end of this year. The pipeline will pass through South Dakota, Oklahoma, Nebraska, Montana, Kansas and Texas.

The project has received enormous support from governors of the above states, except for Nebraska, where it is feared that the pipeline would

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interfere with an important water source (Ogallala Aquifer). Dave Hienneman, the governor of Nebraska, said that he is not opposed to the building of the pipeline, but to the route in which the pipeline will follow. The seven-billion project if approved by the State Department, will be built by the TransCanada, an infrastructure company in Canada. However, some environmentalists are opposed to the construction of the pipeline, arguing that oil sands in Canada need more water and energy as compared with the conventional oil production. “ Amazon to Lose Money on each Tablet sale, Analysts say” by Mark Millan The article talks about the loss that was incurred by the largest internet retailer, Amazon, a low cost computer tablet, called Kindle Fire.

The company has plans of recovering their losses through the sale of goods, as they always do. The building cost of each Fire will be \$209. 63, inclusive of costs of manufacturing and parts of the tablet. The company is likely to lose up to \$ 50 on each tablet sold. According to Millan (n. pag.

), the company could make up for the losses through the sale of physical products and digital products sold via its online store. In addition, it could also invest heavily in marketing its Amazon subscription to the customers of Kindle Fire. However, it is unknown when; Amazon will recover its losses. “ Bernanke to Congress: Sluggish Growth Ahead” by Jennifer Liberto According to this article, the US economic growth is expected to be slow in the coming years. This is according to Ben Bernanke, the Fed chief, who also told a group of the Congress, that even though the economy is still faced with problems, speedy growth is expected in the second half of the year, when compared to the first half.

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He also said that severe consumer confidence, coupled with the slow job growth have largely reduced the pace of recovery (Liberto n. pag.). The Federal Reserve is prepared to take necessary action to stabilize the economy. Bernanke however said that the central bank has no immediate plans of considering a third round of stimulus package. “ Durbin to Customers: Dump Bank of America” by Steve Hargreaves This article talks about Sen.

Dick Durbin, the Illinois Democrat’s fury over the introduction of a monthly debit card fee of \$5 by the Bank of America. He has encouraged unhappy customers, to dump the bank and seek for banking services elsewhere, terming the introduction of the new fee, as a golden opportunity for other banks to increase their businesses. He added that the customers have the prerogative to make conscious decisions, on where they want to get their banking services. In fact, that is an opportunity for other banks and credit unions to steal the customers of the Bank of America. He said that he would write a letter, to the banks in Illinois to encourage them to steal those customers.